



Ninety-Eighth Legislature - Second Session - 2004
Introducer's Statement of Intent
LB 999

Chairperson: Mark Quandahl
Committee: Banking, Commerce and Insurance
Date of Hearing: January 20, 2004

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

This bill, introduced at the request of the Department of Banking and Finance, is intended to amend various statutes regarding banking and finance. This proposal includes the following:

- The annual update to the three wild card statutes, for banks, savings and loan companies, and credit unions. [Sections 3, 5,21]
- An update to Section 8-113, which governs the use of the term “bank” and its derivatives, to include necessary and/or generally accepted exceptions to the statute’s prohibition. The new exceptions include banks and savings banks chartered by other states, non-profit organizations such as the food bank, and banking trade associations. [Section 1]
- An amendment to Section 8-157.01 relating to automatic teller machines (ATMs) and point of sale machines (POSs) to remove a notice requirement for ATM establishment and authorize subsidiaries of financial institutions to establish ATMs and POSs in the same manner and with the same authority as the parent financial institution. [Section 2]
- An amendment to Section 8-208, which is the statute relating to trust company real estate conveyances, to provide that authorization for these transactions must be documented in the minutes of the board of directors’ meetings, and to remove the requirement that authorization be given through formal resolution of the board of directors. [Section 4]
- Updates to the credit card bank statutes which include chartering requirements that will match federal standards; cross-references to other banking statutes that will apply; and cleanup of the acquisition and holding company statutes as they relate to credit card banks. [Sections 7, 15 - 20, inclusive]
- An update to the fees statute (8-602) to remove a fee for ATM notification and to clarify fees for a credit card bank application and charter. [Section 6]
- A strengthening of the Nebraska Sale of Checks and Funds Transmission Act by updating definitions; increasing the application and annual renewal fees; increasing the bond amounts

(with a grandfather to July 2005 for current licensees), and clarifying the department's authority to request information about the company's business. [Sections 8 – 14, inclusive]

- Amendments to the Nebraska Installment Loan Act (Ch. 45, art. 10) and the usury exception statute (45-101.04) to correct an error in the predatory lending bill (LB 218) passed in 2003. The error (certain references to “mortgage loan as defined in section 45-702” should have been references to “real property as defined in section 45-702”) has resulted in two interpretations of what installment loan licensees can charge as interest and fees for home equity loans that are not made for the purpose of improving the property. [Sections 22, 31, 32, 33]
- Amendments to the revolving charge statutes (Ch. 45, art. 2) to require sellers to close stale accounts and to remove outdated language. [Sections 23, 24]
- Amendments to the Nebraska Installment Sales Act (Ch. 45, art. 3) to require new applicants to provide audited financial statements, and to set conditions for change of control for these licensees. [Sections 25, 26]
- Identical amendments to the Nebraska Installment Loan Act, the Nebraska Installment Sales Act, and the Delayed Deposit Services Licensing Act to shorten the response time for inquiries from the Department from 30 to 21 days. [Sections 27, 28, 29]
- An emergency clause, which is applicable to the wild-card sections only.

Principal Introducer:

Mark Quandahl, Chairperson
Committee on Banking, Commerce and Insurance